

**51-8-202 Standards for managing and investing an institutional fund.**

- (1) In managing and investing an institutional fund, an institution:
  - (a) may incur only costs that are appropriate and reasonable in relation to the assets, the purposes of the institution, and the skills available to the institution; and
  - (b) shall make a reasonable effort to verify facts relevant to the management and investment of the fund.
- (2) An institution may pool two or more institutional funds for purposes of management and investment.
- (3) Except as otherwise provided by a gift instrument, the following rules apply:
  - (a) In managing and investing an institutional fund, the following factors, if relevant, must be considered:
    - (i) general economic conditions;
    - (ii) the possible effect of inflation or deflation;
    - (iii) the expected tax consequences, if any, of investment decisions or strategies;
    - (iv) the role that each investment or course of action plays within the overall investment portfolio of the fund;
    - (v) the expected total return from income and the appreciation of investments;
    - (vi) other resources of the institution;
    - (vii) the needs of the institution and the fund to make distributions and to preserve capital; and
    - (viii) an asset's special relationship or special value, if any, to the charitable purposes of the institution.
  - (b) Management and investment decisions about an individual asset must be made not in isolation but rather in the context of the institutional fund's portfolio of investments as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the fund and to the institution.
  - (c) Except as otherwise provided by law other than this chapter, an institution may invest in any kind of property or type of investment consistent with the standards of this section.
  - (d) An institution shall diversify the investments of an institutional fund unless the institution reasonably determines that, because of special circumstances, the purposes of the fund are better served without diversification.
  - (e) Within a reasonable time after receiving property, an institution shall make and implement decisions concerning the retention or disposition of the property or to rebalance a portfolio, in order to bring the institutional fund into compliance with the purposes, terms, distribution requirements, and other circumstances of the institution and the requirements of this chapter.
  - (f) A person who has special skills or expertise, or is selected in reliance upon the person's representation that the person has special skills or expertise, has a duty to use those special skills or that expertise in managing and investing institutional funds.

Enacted by Chapter 59, 2007 General Session